

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

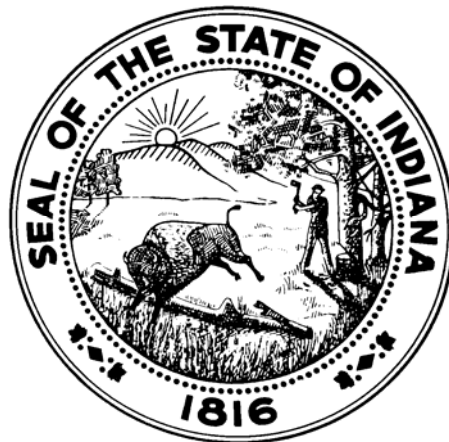
AUDIT REPORT

OF

COUNTY AUDITOR

BARTHOLOMEW COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
10/20/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy McKinney	01-01-03 to 12-31-06
President of the County Council	Keith Sells Evelyn Pence Judith Meyer	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Paul Franke Carl Lienhoop Larry Kleinhenz	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BARTHOLOMEW COUNTY

We have audited the records of the County Auditor for the period from January 1, 2004 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Reports of Bartholomew County for the years 2004 and 2005.

STATE BOARD OF ACCOUNTS

August 24, 2006

COUNTY AUDITOR
BARTHOLOMEW COUNTY
AUDIT RESULTS AND COMMENTS

PAYROLL

The Payroll Schedule and Voucher, Form 99 (Payroll Claim) is a prescribed form that requires the itemization of actual time worked and leave time taken by employees. The time worked and leave taken is required to be certified by the individual office holders/department heads on the form. Both the itemization and the certification on the same document are necessary for compliance with state statutes and for internal control purposes.

Our testing of payroll claims disclosed two instances where the office holder/department head certified payroll claims which did not include actual time worked and leave time taken for a salaried employee and actual time worked for one part-time employee.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

IV-D INCENTIVE REIMBURSEMENTS

Expenditures of the Prosecutor's IV-D Incentive funds have been included on the monthly claims for reimbursement under the IV-D program budget. The reimbursements received from the state for these expenditures were added to the Prosecutor's IV-D Incentive account balance. The total reimbursements added back during 2005 and 2006 (through June 15) were \$12,906.07. This amount should be deducted from the prosecutor's incentive account balance and no further reimbursements should be receipted to the account. According to the agreement with the State, only the initial incentive allocations from the state are to be receipted to the incentive accounts.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR
BARTHOLOMEW COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROL - FIXED ASSETS

Our audit disclosed that internal control over fixed assets was inadequate to provide reasonable assurance that assets would be safeguarded against loss, and that reliable data is obtained, recorded, and maintained properly to permit the preparation of accurate financial statements.

As noted in the last eight annual audits, attempts have been made to prepare fixed asset records; however, the current fixed assets are not adequate. Not all fixed asset purchases and disposals were recorded and the original cost did not reflect all value given towards purchase (trade-in value). We also noted that an annual inventory had not been conducted by each county office or department. No information was presented for audit to indicate verification was made of the fixed asset inventory, independent of the employees having access to the assets. In addition, some fixed assets were not properly identified. These conditions indicate that proper separation of duties did not exist and assets were not adequately safeguarded.

The Auditor did indicate that a contract has been awarded to have a complete inventory of fixed assets made and to develop a fixed asset policy.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded in the General Fixed Asset Account Group, County Form 146, or properly approved form, as applicable. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 20)

COUNTY AUDITOR
BARTHOLOMEW COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2006, with Larry Kleinhenz, President of the Board of County Commissioners; and Nancy McKinney, Auditor.